



ALAN LeBOVIDGE  
CHAIRMAN

*The Commonwealth of Massachusetts*  
*Springfield Finance Control Board*  
436 Dwight Street  
Springfield, MA 01103

July 10, 2006

Thomas Trimarco, Secretary  
Executive Office for Administration and Finance  
State House, Room 373  
Boston, MA 02133

The Honorable Therese Murray, Chair  
Senate Committee on Ways and Means  
Commonwealth of Massachusetts  
State House, Room 212  
Boston, MA 02133

The Honorable Robert A. DeLeo, Chair  
House Committee on Ways and Means  
Commonwealth of Massachusetts  
State House, Room 243  
Boston, MA 02133

Dear Secretary Trimarco, Chairperson Murray and Chairperson DeLeo:

This report is being submitted, pursuant to sections 2 and 9(a) of Chapter 169 of the Acts of 2004 (the "Act"), to update the legislature on the activities and expenses of the Springfield Finance Control Board since its last report dated March 7, 2006. During the past several months, the Board has continued its commitment to encourage fiscal responsibility and accountability in the City of Springfield. The Board has taken the following specific steps to restore the City's financial health.

**Collective Bargaining**

The Board is pleased to report that it has settled a contract with the Springfield Federation of Paraprofessionals, Local 4098 – a union representing more than 600 school employees. In addition, the Board settled a contract on June 28 with the Springfield Administrator's Association, Unit B – a school union representing 118 members including assistant principals, curriculum directors, curriculum supervisors, and school psychologists.

Thus far, the Board has successfully negotiated a total of 16 labor contracts representing approximately 2,168 employees. The terms of these agreements differ slightly from each other, but all provide for affordable, predictable and fair raises, without step increases or longevity, plus a signing bonus of \$500-\$1,750 for each employee. These bonuses were provided in consideration of each union's agreement to dismiss any lawsuits related to claims of back wages and any challenges to the recently negotiated changes to the City's health plan. The Board continues to negotiate with the three largest City unions - the Springfield Teachers Association, the International Association of Fire Fighters Local 648 and the International Brotherhood of Police Officers Local 364.

### **Budget Update**

The City's Finance Division has completed the preparation of a balanced FY07 operating budget, which was submitted to the Control Board at its June 27, 2006 meeting. A major accomplishment, the balanced budget is the result of excellent work by City staff in cooperation with the Control Board, and secured by a many-pronged approach that includes cost savings, proactive policy-making and an aggressive review of all existing funds. This budget reflects the unusually strong partnership that exists between the Finance Control Board and Mayor Charles V. Ryan. Following in the format established with Springfield's FY06 budget, the FY07 budget is once again performance and outcome-based. In addition to achieving a balanced FY07 budget, we expect the FY06 budget numbers to come in slightly better than expected.

### **Department Studies**

The Control Board has undertaken and completed operational assessments of the Police Department, the Fire Department, the Department of Public Works, all on-street and off-street parking, the School Department, the Assessing Department, the City Clerk's Office and the Purchasing Department. A review of the Treasurer/Collector's office is currently underway.

All of these efforts are geared toward automating services, increasing efficiency, and producing a higher level of service for the taxpayer. Most importantly, over time, by investing in existing staff through training and advancement, and by making other appropriate changes, we will lower the long-term cost of services in the City while improving the level of services enjoyed by the community.

### **Economic Development**

As part of the Board's efforts to promote economic development activity, David B. Panagore, the Control Board's Deputy director, has been shifted into a full-time position as the City's Chief Development Officer.

At the end of May, the Control Board authorized a land sale at the City's new industrial park to Performance Food Group, a local food distribution company planning a \$31 million dollar investment and promising to add more than 200 jobs paying above the local median income. The Board has hired MassDevelopment to oversee the industrial park, which is called Memorial Industrial Park II.

During the last week of June, the Board working in conjunction with the City's Economic Development staff, brought a national panel of experts to Springfield from the Urban Land Institute, based in Washington, D.C., for a week to listen, assess and lay out a road map for economic development efforts. The study is expected to be complete this fall.

### **Control Board Expenditures**

Details of the expenditures of the Board for the 3rd quarter of fiscal year 2006 are shown in the table below. This table reflects expenses processed through the Commonwealth's account system as of March 31, 2006.

Personnel Services	\$ 85,683.58
Equipment & Administrative	\$ 45,085.82
Contracted Services	\$ 212,293.80
<b>Total</b>	<b>\$ 343,063.20</b>

In the upcoming fiscal quarter, we will continue to address our most significant priorities, include finalizing labor contracts with the police, fire and teachers' unions. We continue to report substantive progress in addressing the City of Springfield's fiscal crisis. Springfield still has significant challenges ahead, however. The Fiscal Year 2007 budget was balanced with significant help from one-time revenues; we must be very disciplined during the upcoming fiscal year so that we are prepared for Fiscal Year 2008.

The Control Board and the City must remain vigilant in other areas, as well. Specifically, we must continue to insist on the highest ethical standards within City government. Labor costs must be managed at something less than the City's ability to raise its own revenue or its receipt of State funds. To do otherwise would result in long-term labor instability, including the potential for lay-offs as costs exceed available revenue. This is a situation currently faced by the City, once that resulted in hundreds of layoffs in the recent past. The legacy of State involvement in the day-to-day management of the City must be one of fiscal strength and stability, not one of unaffordable, unstable labor contracts.

Health care costs must also be maintained at a growth rate of less than 10%, and other benefit costs must be managed to the best advantage of employees and the City. The City must continue to attract top-flight management talent. Building and maintenance needs must be carefully balanced to avoid debt payments that are out-of-balance with other operating needs.

Lastly, as mentioned above and critical to the long-term recovery of the City, economic and community growth must occur. The City needs to create jobs, encourage investment and promote new growth. We need to create a synergy that results in overall community

improvement -- schools, jobs, safety and other key quality-of-life factors supported in the 2007 budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan LeBovidge". The signature is fluid and cursive, with the first name "Alan" being more prominent and the last name "LeBovidge" following in a similar style.

Alan LeBovidge  
Chairman  
Springfield Finance Control Board